



Boston College Investment Club

Quick Sheet Methods and Research for Investing

The Boston College Investment Club runs a value-investing fund. This method of investing is about “finding an outstanding company at a sensible price.” Hence, we conduct fundamental analysis of companies across all sectors of the market in order to find those with strong ‘economic moats’ or competitive advantages that will thereby enable them to generate superior returns over a long-term investment horizon.

What is fundamental analysis?

- “Fundamental analysis attempts to understand and predict the intrinsic value of securities based on an in-depth analysis of various economic, financial, qualitative, and quantitative factors.” (Investopedia.com)

What are benefits and weaknesses of this strategy?

- The main benefit of fundamental analysis is that an investor can use it to calculate the intrinsic value of a stock, and then decide whether the stock is undervalued or overpriced. Calculating the intrinsic value of a stock allows an investor to gauge the stock’s potential return and, as a result, the investor is able to more effectively manage the position’s risk/return metrics. The main weakness of fundamental analysis is that it is not time specific. When an investor using fundamental analysis sees a company that is undervalued, the investor could buy shares of the company only to see those shares continue to depreciate in value. In short, companies can always become more “undervalued” or “overpriced,” and fundamental analysis cannot always tell an investor when it is a good time to buy or sell a specific security

What resources can I use to keep up with the market?

- WSJ, The Economist, Financial Times, DealBook, NY Times
- MarketWatch, Bloomberg News, Reuters, Business Insider
- Bloomberg Terminal on O’Neill 3rd floor
- Morningstar Direct on O’Neill 3rd floor, adjacent to Bloomberg Terminal
- Investopedia.com

What resources should I use to conduct my own research?

- For idea generation, look at articles on seekingalpha.com
- To screen stocks by various metrics (sector, industry, market capitalization, etc.), we recommend using finviz.com



- For data, use Morningstar.com or the Bloomberg Terminal as noted above
- To find quarterly and annual company filings, look for the “Investor Relations” or “Investors” section on any public company’s main website

What should I be looking for when conducting my own research?

Depends on how you go about your research...

- Top-down: Macroeconomic data, industry/sector trends, etc.
- Bottom-Up: Microeconomic data, company specific advantages or efficiencies. In effect, finding a company that is performing or will perform well regardless of how its industry peers are performing

I get the basics; where can I look to see more in-depth equity reports?

- Morningstar Direct in library: Fantastic source with free equity research reports on stocks that Morningstar (research house) covers.
- Bloomberg Terminal: Can pull up select equity research from bank equity research departments for free
- Bloomberg Industry Dashboard: <http://www.bloomberg.com/visual-data/industries/>
- Valueinvestorsclub.com: Higher level reports, can join for free w/ delayed access
- Build your own “portfolio” of stocks in Seeking Alpha, and follow well-known financial analysts who write articles about the stocks you want to find more in-depth research on
- Find well-known investors that have an investing style similar to the club’s (or your own) and follow them. Warren Buffett is an easy one to follow, but look into mutual/hedge fund managers, research firms or other money managers

How can I put my research to practice?

- Pitch a stock* that you like to BCIC at Monday meetings... let us know what you want to pitch! We want as many different people to pitch this year as possible
*Needs to be traded on a U.S. exchange with a market capitalization of \$500mm+
- Build a paper account portfolio- investopedia.org is good for this. Pick your 10 best ideas, buy in, and see how it performs over the school year
- Put your \$\$\$ where your mouth is... take positions on companies that you’ve thoroughly researched and have a strong conviction in via low-cost brokers, which include optionshouse and E-Trade

For more information visit:
www.bostoncollegeinvestmentclub.com

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